

**UPPER PENINSULA REGION OF  
LIBRARY COOPERATION, INC.**

**FINANCIAL STATEMENTS AS OF  
September 30, 2008**

## TABLE OF CONTENTS

Independent Auditor's Report .....	3
Management's Discussion and Analysis .....	5
Statement of Net Assets and Governmental Funds Balance Sheet .....	9
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Activities .....	10
Statement of Activities and Governmental Fund Revenues, Expenditures, and Changes in Fund Balance.....	11
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities .....	12
Notes to Financial Statements.....	13
Other Supplemental Financial Information	
General Fund – Schedule of Revenues, Expenditures and Changes in Fund Balances.....	19
Independent Auditor's Report on Internal Controls over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	20



# ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

## PARTNERS

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

Upper Peninsula Region of Library Cooperation, Inc.  
Executive Board  
Marquette, Michigan 49855

We have audited the accompanying financial statements of the governmental activities and each major fund of Upper Peninsula Region of Library Cooperation, Inc. as of and for the year ended September 30, 2008, which collectively comprise the Upper Peninsula Region of Library Cooperation, Inc.'s basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Upper Peninsula Region of Library Cooperation, Inc.'s management. Our responsibility is to express opinions on these financial statements based upon our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Upper Peninsula Region of Library Cooperation, Inc. as of September 30, 2008, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 26, 2009 on our consideration of the Cooperation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 5 through 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Upper Peninsula Region of Library Cooperation, Inc.  
Executive Board  
Marquette, Michigan 49855

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Upper Peninsula Region of Library Cooperation, Inc.'s basic financial statements. The individual fund financial statements listed as Other Supplemental Financial Information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

January 26, 2009

**Upper Peninsula Region of Library Cooperation, Inc.  
MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)**

Our discussion and analysis of the Upper Peninsula Region of Library Cooperation, Inc.'s financial performance provides an overview of the Cooperation's financial activities for the year ended September 30, 2008. Please read it in conjunction with the financial statements, which begin on page 9.

## FINANCIAL HIGHLIGHTS

- Net assets for the Cooperation as a whole were reported at \$259,454. Net assets are comprised of 100% governmental activities. This represents an increase of \$20,016 from prior year when net assets were reported at \$239,438.
- During the year, the Cooperation's total expenses were \$285,155, while revenues from all sources totaled \$305,171 resulting in an increase in net assets of \$20,016.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 11) provide information about the activities of the Cooperation as a whole and present a longer-term view of the Cooperation finances.

### Reporting the Cooperation as a Whole

One of the most important questions asked about the Cooperation's finances is "Is the Cooperation as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Cooperation as a whole and about its activities in a way that helps answer this question. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the Cooperation's *net* assets and changes in them. You can think of the Cooperation's net assets - the difference between assets and liabilities - as one way to measure the Cooperation's financial health, or *financial position*. Over time, *increases or decreases* in the Cooperation's net assets are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Cooperation's operating base and the condition of the Cooperation's capital assets, to assess the *overall financial health* of the Cooperation.

In the Statement of Net Assets and the Statement of Activities, we report all of the Cooperation's activities as governmental activities. Federal and State grants along with contracted revenues finance most of these activities.

### Reporting the Cooperation's Most Significant Funds

The Cooperation only reports one fund which is the General Fund. The fund financial statements are reported in combination with the government-wide financial statements beginning on page 9. The General Fund, a governmental fund, is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted into cash. The governmental fund statements provide a detailed short-term view of the Cooperation's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Cooperation's program.

**Upper Peninsula Region of Library Cooperation, Inc.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED)** (Continued)

We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and Statement of Activities) and governmental funds in reconciliations which follows each of the Statement of Net Assets and Statement of Activities.

**Upper Peninsula Region of Library Cooperation, Inc. as a Whole**

Table I provides a summary of the Cooperation's net assets as of September 30, 2008 and 2007.

**Table 1**  
**Net Assets**

	2008	2007
Current and other assets	\$239,856	\$204,420
Capital assets, net	<u>60,878</u>	<u>78,076</u>
Total Assets	<u>300,734</u>	<u>282,496</u>
Current liabilities	39,100	38,269
Noncurrent liabilities	<u>2,180</u>	<u>4,789</u>
Total Liabilities	<u>41,280</u>	<u>43,058</u>
Net Assets:		
Invested in capital assets	60,878	78,076
Unrestricted	<u>198,576</u>	<u>161,362</u>
Total Net Assets	<u>\$259,454</u>	<u>\$239,438</u>

Net assets of the Cooperation's governmental activities stood at \$259,454. Unrestricted net assets—the part of net assets that could be used to finance day-to-day activities stood at \$198,576.

The \$198,576 in unrestricted net assets represents the accumulated results of all past years' operations. The results of this year's operations for the Cooperation as a whole are reported in the Statement of Activities (See Table 2), which shows the changes in net assets for fiscal year 2008 and 2007.

**Table 2**  
**Changes in Net Assets**

	2008	2007
Program revenues:		
Charges for services	\$259,520	\$233,413
Sale of Services – Rebilled	38,100	51,893
Operating grants and contributions	-	-
General revenues:		
Interest earnings	7,551	6,146
Miscellaneous	-	-
Total Revenues	<u>305,171</u>	<u>291,452</u>
Program Expenses:		
Library services	247,058	227,805
Rebilled services	38,097	51,893
Capital outlay	-	249
Total Expenses	<u>285,155</u>	<u>279,947</u>
Change in net assets	20,016	11,505
Net assets, beginning	<u>239,438</u>	<u>227,933</u>
Net Assets, Ending	<u>\$259,454</u>	<u>\$239,438</u>

**Upper Peninsula Region of Library Cooperation, Inc.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

The Cooperation's total revenues were \$305,171. The total cost of all programs and services was \$285,155 leaving an increase in net assets of \$20,016 as a result of fiscal year 2008 operations. This increase in net assets was mostly due to an increase in the number of libraries serviced by UPRLC and an unused contingency fund.

**UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.'S FUNDS**

As the UPRLC completed the year, its General Fund, which includes the UPRLC General Fund for Administration and the Automated Services Fund, reported a fund balance of \$200,756 with an increase of \$34,605 from the beginning of the year. This increase was mainly the result of an increase in the number of libraries serviced by UPRLC and an unused contingency fund.

**General Fund Budgetary Highlights**

The UPRLC General Fund includes the Automated Library Services Fund and the General Fund for Administration. Final projected revenues for the Automated Library Services Fund were \$251,000 and final projected expenses were \$251,000, resulting in a projected balanced budget for operations. Actual results were total revenues of \$292,666 and total expenditures of \$253,802 resulting in revenues exceeding expenditures by \$38,864. Projected revenues and expenditures did not include revenues or expenditures for items re-billed to libraries for optional products.

The UPRLC General Fund for Administration projected revenues were \$4,900 and projected expenditures were \$9,050, resulting in a projected decrease in the General Fund Balance for Administration of \$4,150. Actual results were \$4,260 of operating expenses over revenues, or \$110 higher than projected results because of higher than anticipated expenses for continuing education.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2008, the Cooperation had \$60,878 invested in equipment. (See table 3 below)

**Table 3**  
**Capital Assets at Year-End**

	2008	2007
Equipment	\$157,676	\$163,560
Accumulated depreciation	<u>(96,798)</u>	<u>(85,484)</u>
Totals	<u>\$60,878</u>	<u>\$78,076</u>

**Debt**

The Cooperation has no outstanding debt at year-end.

**Upper Peninsula Region of Library Cooperation, Inc.**  
**MANAGEMENT DISCUSSION AND ANALYSIS (UNAUDITED) (Continued)**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

In preparing the budget for next year, the Board has projected a balanced budget for the Automated Library Services Fund, and anticipates the fund balance will remain the same. The Board anticipates the UPRLC General Fund for Administration will decrease by about the same amount as fiscal year 2008.

**CONTACTING THE COOPERATION FINANCIAL MANAGEMENT**

This financial report is designated to provide our customers, investors and creditors with a general overview of the Cooperation's finances and to show the Cooperation's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Cooperation Administrator at Upper Peninsula Region of Library Cooperation, Inc., 1615 Presque Isle Avenue, Marquette, Michigan 49855



**UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.**  
**Statement of Net Assets and**  
**Governmental Funds Balance Sheet**  
**September 30, 2008**

	General Fund	Adjustments	Statement of Net Assets
<b>ASSETS</b>			
Current			
Cash and cash equivalents	\$ 223,651	\$ -	\$ 223,651
Accounts receivable	16,205	-	16,205
Prepaid expenses	-	-	-
Non-Current			
Capital assets	-	157,676	157,676
Accumulated depreciation	-	(96,798)	(96,798)
TOTAL ASSETS	<u>\$ 239,856</u>	<u>60,878</u>	<u>300,734</u>
<b>LIABILITIES</b>			
Current			
Accounts payable	\$ 1,191	-	1,191
Due to members	16,168	-	16,168
Deferred revenue	21,741	-	21,741
Non-Current			
Accrued personal time off	-	2,180	2,180
TOTAL LIABILITIES	<u>39,100</u>	<u>2,180</u>	<u>41,280</u>
<b>FUND BALANCE/NET ASSETS</b>			
<b>Fund Balance:</b>			
Designated - UPRLC Continuing Education	3,000	(3,000)	-
Designated - Personal time off	2,180	(2,180)	-
Unreserved and undesignated-UPRLC General	15,391	(15,391)	-
Unreserved and undesignated-ALS General	180,185	(180,185)	-
TOTAL FUND BALANCE	<u>200,756</u>	<u>(200,756)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 239,856</u>		
<b>Net Assets:</b>			
Invested in capital assets, net of related debt		60,878	60,878
Unrestricted		198,576	198,576
TOTAL NET ASSETS		<u>\$ 259,454</u>	<u>\$ 259,454</u>

The accompanying notes to financial statements are an integral part of this statement.

**UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets**  
**September 30, 2008**

<b>Total Fund Balances for Governmental Funds</b>	\$	200,756
---	----	---------

*Amounts reported for governmental activities in the statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

	Cost of capital assets	\$ 157,676	
	Accumulated depreciation	<u>(96,798)</u>	
			60,878

Long-term liabilities are not due and payable in the current period and are not reported in the funds. Long-term liabilities at year-end consist of accrued personal time off.

(2,180)

**NET ASSETS OF GOVERNMENTAL ACTIVITIES**

	\$	<u>259,454</u>
--	----	----------------

**UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.**  
**Statement of Activities and**  
**Governmental Fund Revenues, Expenditures,**  
**and Changes in Fund Balance**  
**For the year ended September 30, 2008**

	General Fund	Adjustments	Statement of Activities
Program Revenues:			
Charges for services	\$ 259,520	\$ -	\$ 259,520
Sale services - Re-billed	38,100	-	38,100
Total Program Revenues	<u>297,620</u>	<u>-</u>	<u>297,620</u>
Expenditures/Expenses:			
Library services	232,469	14,589	247,058
Re-billed services	38,097	-	38,097
Capital outlay	-	-	-
Total Expenditures/Expenses	<u>270,566</u>	<u>14,589</u>	<u>285,155</u>
Net Program Expense			<u>12,465</u>
General Revenues:			
Interest income	<u>7,551</u>	<u>-</u>	<u>7,551</u>
Total General Revenues	<u>7,551</u>	<u>-</u>	<u>7,551</u>
Excess of Revenues over Expenditures	34,605	(34,605)	-
Change in Net Assets		(20,016)	20,016
Fund Balance/Net Assets:			
Beginning of the year	<u>166,151</u>	<u>160,035</u>	<u>239,438</u>
End of the year	<u><u>\$ 200,756</u></u>	<u><u>\$ 140,019</u></u>	<u><u>\$ 259,454</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.**  
**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures**  
**and Changes in Fund Balance to the Statement of Activities**  
**For the year ended September 30, 2008**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 34,605</b>
---	------------------

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	\$(17,198)	
Capital outlays	-	(17,198)

Some expenses reported in the Statement of Activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

2,609

**Change in Net Assets of Governmental Activities**

**\$ 20,016**

UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.  
NOTES TO FINANCIAL STATEMENTS

September 30, 2008

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The operations of the Upper Peninsula Region of Library Cooperation, Inc. (the Cooperation) are accounted for with a separate set of self-balancing accounts. The accounting policies of the Cooperation conform to generally accepted accounting principles as applicable to governments and the following is a summary of the more significant policies:

**BASIS OF PRESENTATION**

During the year the Cooperation adopted Governmental Accounting Standards Board (GASB) Statement No. 34, which substantially revised the financial statement presentation as described below.

*Government-Wide Financial Statements:*

The Statement of Net Assets and Statement of Activities display information about the Cooperation as a whole. They include all governmental activities which are generally financed through State sources, charges for services, and other revenues. Equity is classified as net assets and displayed in three components – invested in capital assets, restricted, and unrestricted.

*Fund Financial Statements:*

The accounts of the Cooperation are organized on the basis of funds. The operations of the Cooperation's only fund, the General Fund, are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The General Fund is a governmental fund and it is used to account for all financial resources of the Cooperation.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

*Measurement Focus*

On the government-wide Statement of Net Assets and the Statement of Activities, the governmental activities are presented using the economic resource measurement focus as defined in item (b) below. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

- a. The General Fund governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on the balance sheet. The operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable resources at the end of the period.
- b. The government-wide statements utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, financial position and cash flows. All assets and liabilities, whether current or noncurrent, associated with their activities are reported. Government –wide fund equity is classified as net assets.

### *Basis of Accounting*

In the government-wide Statement of Net Assets and Statement of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures, including capital outlay, are generally recognized when the related fund liability is incurred.

## **OTHER SIGNIFICANT ACCOUNTING POLICIES**

### Cash and Equivalents

The Cooperation’s cash and cash equivalents as reported in the Statement of Net Assets are considered to be cash on hand, demand deposits and short-term investments with maturities of three months or less.

### Capital Assets

The accounting and reporting treatment applied to capital assets associated with a fund are determined by its measurement focus. In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

In the government-wide financial statements, all capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated. The Cooperation defines capital assets as assets with an initial, individual cost of more than \$1,000.

## **NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings	50 years
Equipment	3 – 20 years

The cost of normal maintenance and repairs is charged to operations as incurred. Renewals and betterments are capitalized and depreciated over the remaining useful lives of the related properties.

### Compensated Absences

The Cooperation's policies regarding compensated absences permits employees to accumulate earned but unused personal time off. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

### Revenues

In the government-wide Statement of Activities, revenues are segregated by activity and are classified as either program revenue or general revenue. Program revenues include charges to customers or applicants for goods or services, operating grants and contributions and capital grants and contributions. General revenues include all revenues, which do not meet the criteria of program revenues and include revenues such as State funding and interest earnings.

In the governmental fund statements, revenues are reported by source, such as federal sources, state sources and charges for services. Revenues consist of general purpose revenues and restricted revenues. General purpose revenues are available to fund any activity reported in that fund, while restricted revenues are available for a specific purpose or activity and the restrictions are typically required by law or a grantor agency. When both general purpose and restricted revenues are available for use, it is the Cooperation's policy to use the restricted resources first.

### Expenses/Expenditures

In the government-wide Statement of Activities, expenses are segregated by activity and are classified by function. In the governmental fund statements, expenditures are classified by character such as current operations and capital outlay.

### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## **NOTE B – ORGANIZATIONAL PURPOSE:**

The Upper Peninsula Region of Library Cooperation, Inc. was formed for the purpose of facilitating the sharing of information resources among the libraries of the Upper Peninsula, and Northern Lower Michigan and to enable them to interact with other regional and national electronic bibliographical communication systems. Memberships at present consist of 108 libraries.

**NOTE C – INCOME TAX STATUS:**

The Internal Revenue Service has ruled the Cooperation qualifies under Section 501(c) 3 of the Internal Revenue Code and is, therefore, not subject to tax under present income tax laws.

**NOTE D - ACCRUED PERSONAL TIME OFF:**

The entity records on the government-wide Statement of Net Assets the accrued liability arising from accumulated vested personal time off leave which is payable to entity employees when they separate from employment. The employees are compensated for personal time off on a scale based on years of service with the Cooperation. The entity's personal time off policy provides for up to one-half of an employee's accumulated personal time off to be paid to the employee if they have worked with the entity for at least 8 years. For employees with less than 8 years of service, personal time off payable upon separation ranges from 10%-40% depending on the number of years employed with the Cooperation. The Cooperation has a management contract with the Superiorland Library Cooperative that includes personnel. The non-current portion of accumulated personal time off payable as of September 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Personal Time Off	<u>\$2,180</u>	<u>\$4,789</u>

**NOTE E - DEFERRED REVENUES/DUE TO MEMBERS:**

Certain member libraries participating in the automated library system (ALS) are being assessed operational fees. Monies collected in advance are being recorded as deferred revenues. The purpose of this project is to facilitate the sharing of information resources among the participating libraries.

Deferred Revenue – Peter White	\$17,875
Deferred Revenue- Manistique	3,866
Deferred Revenue at September 30, 2008	<u>\$21,741</u>

Due to Members represents undistributed monies held on behalf of members.

Due to Wakefield	\$562
Due to REMC I	32
Due to Menominee	9,698
Due to L'Anse Lib	867
Due to LSSU	3,703
Due to Ishpeming	19
Due to Bessemer	315
Due to Spies	352
Due to Gogebic	120
Due to Gladstone	500
Due to Members at September 30, 2008	<u>\$16,168</u>



## NOTE F - DEPOSITS AND INVESTMENTS:

### Cash and Equivalents

The Cooperation's cash and equivalents, as reported in the Statement of Net Assets, consisted of the following:

Money market and savings accounts	\$95,035
Checking accounts	757
Certificates of deposit	<u>127,859</u>
TOTAL	<u>\$223,651</u>

*Custodial credit risk.* Custodial credit risk is the risk that in the event of a bank failure, the Cooperation's deposits may not be returned. State law does not require and the Cooperation does not have a policy for deposit custodial credit risk. As of September 30, 2008, the Cooperation did not have cash and equivalents which were uninsured and uncollateralized.

The Cooperation has no investments at September 30, 2008.

## NOTE G – CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2008 is as follows:

	Balance 9-30-07	Additions	Retirements	Balance 9-30-08
Asset Cost:				
Equipment	\$163,560	\$-	(\$5,884)	\$157,676
Total Asset Cost	<u>163,560</u>	<u>-</u>	<u>(5,884)</u>	<u>157,676</u>
Accumulated Depreciation:				
Equipment	(85,484)	(17,198)	5,884	(96,798)
Total Accumulated Depreciation	<u>(85,484)</u>	<u>(17,198)</u>	<u>5,884</u>	<u>(96,798)</u>
Net Capital Assets	<u>\$78,076</u>	<u>\$(17,198)</u>	<u>\$-</u>	<u>\$60,878</u>

Depreciation expense charged to governmental activities was \$17,198.

## NOTE H - LONG-TERM DEBT:

Long-term debt of the Cooperation is as follows:

	Balance 9-30-07	Additions	Retirements	Balance 9-30-08
General Long-Term Debt:				
Personal Time Off	<u>\$4,789</u>	<u>\$ -</u>	<u>\$ (2,609)</u>	<u>\$2,180</u>

## NOTE I – SINGLE AUDIT ACT:

A single audit as defined by the Single Audit Act of 1996, was not performed as federal financial assistance expended by the Cooperation was less than the \$500,000 that is required for single audit purposes.

## ***OTHER FINANCIAL INFORMATION***

**UPPER PENINSULA REGION OF LIBRARY COOPERATION, INC.**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**For the year ended September 30, 2008**

	UPRLC General	Continuing Education UPRLC	Accrued PTO UPRLC	Automated Library Service Unreserved General	Totals
<b>REVENUES:</b>					
Membership	\$ 2,700	\$ 1,425	\$ -	\$ 247,015	\$ 251,140
Contributions - United Way	8,380	-	-	-	8,380
Interest	-	-	-	7,551	7,551
Sale Services - Re-billed	-	-	-	38,100	38,100
<b>TOTAL REVENUES</b>	<b>11,080</b>	<b>1,425</b>	<b>-</b>	<b>292,666</b>	<b>305,171</b>
<b>EXPENDITURES:</b>					
Professional and contractual	5,431	900	-	110,345	116,676
Repairs and maintenance	-	-	-	97,093	97,093
Transportation	-	-	-	502	502
Office supplies	159	40	-	1,002	1,201
Computer supplies	-	-	-	1,042	1,042
Communications	-	-	-	923	923
Capital outlay	-	-	-	-	-
Printing	-	162	-	-	162
Conferences	-	1,192	-	4,756	5,948
Operating supplies	-	-	-	42	42
Insurance	501	-	-	-	501
Miscellaneous	8,379	-	-	-	8,379
Re-billed	-	-	-	38,097	38,097
<b>TOTAL EXPENDITURES</b>	<b>14,470</b>	<b>2,294</b>	<b>-</b>	<b>253,802</b>	<b>270,566</b>
<b>EXCESS REVENUES OVER (UNDER ) EXPENDITURES</b>	<b>(3,390)</b>	<b>(869)</b>	<b>-</b>	<b>38,864</b>	<b>34,605</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	244	-	2,609	2,853
Transfers out	-	-	(2,609)	(244)	(2,853)
<b>TOTAL FINANCING SOURCES (USES)</b>	<b>-</b>	<b>244</b>	<b>(2,609)</b>	<b>2,365</b>	<b>-</b>
<b>CHANGE IN FUND BALANCES</b>	<b>(3,390)</b>	<b>(625)</b>	<b>(2,609)</b>	<b>41,229</b>	<b>34,605</b>
Fund balances, beginning of year	18,781	3,625	4,789	138,956	166,151
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 15,391</b>	<b>\$ 3,000</b>	<b>\$ 2,180</b>	<b>\$ 180,185</b>	<b>\$ 200,756</b>



ANDERSON, TACKMAN & COMPANY, P.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

PARTNERS

MICHIGAN  
ESCANABA  
IRON MOUNTAIN  
KINROSS  
MARQUETTE

WISCONSIN  
GREEN BAY  
MILWAUKEE

JOHN W. BLEMBERG, CPA

ROBERT J. DOWNS, CPA, CVA

DANIEL E. BIANCHI, CPA

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Upper Peninsula Region of Library Cooperation, Inc.  
Executive Board  
Marquette, Michigan

We have audited the financial statements of the governmental activities and each major fund of Upper Peninsula Region of Library Cooperation, Inc. as of and for the year ended September 30, 2008, which collectively comprise the Upper Peninsula Region of Library Cooperation, Inc.'s basic financial statements and have issued our report thereon dated January 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Upper Peninsula Region of Library Cooperation, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Upper Peninsula Region of Library Cooperation, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Upper Peninsula Region of Library Cooperation, Inc.'s internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Upper Peninsula Region of Library Cooperation, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Upper Peninsula Region of Library Cooperation, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by the Upper Peninsula Region of Library Cooperation, Inc.'s internal control. We consider the deficiency described in a separate letter to management dated January 26, 2009 to be significant deficiency in internal control over financial reporting as item (08-01).

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Upper Peninsula Region of Library Cooperation, Inc.'s internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies describe above is a material weakness.

Upper Peninsula Region of Library Cooperation, Inc.  
Executive Board  
Marquette, Michigan

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Upper Peninsula Region of Library Cooperation, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, others within the organization, the Board and other federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Anderson, Tackman & Company, PLLC*  
Certified Public Accountants

January 26, 2009